

# High achievers

Growing Beyond

Recognizing the power of women to  
spur business and economic growth



Building a better  
working world

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"We want to find ways to get more women and girls on the field, the court, the track, in the pool, the mat, wherever their interests and talents take them so that they can discover their strengths, develop their skills, experience that special satisfaction that sports can bring, win or lose. And we believe in the positive effects that can flow out of that experience for girls and women across their lifetimes and, by extension, for their families and communities."

**Hillary Rodham Clinton**

*U.S. Secretary of State*

*announcing the Global Sports Mentoring Program, 21 June 2012*



**Jim Turley**  
Chairman and CEO  
EY



**Beth Brooke**  
Global Vice Chair,  
Public Policy  
EY

## As global business leaders,

we know that good people are hard to find. Yet without a strong and visible investment in talent, organizations will not survive in today's volatile and competitive marketplace.

Women have long been overlooked as a vital talent resource. Over the next decade, the impact of women on the global economy – as producers, entrepreneurs, employees and consumers – will be at least as significant as that of China's and India's respective one-billion-plus populations, if not more so. Tapping into women's economic potential would be the equivalent of having an additional one billion individuals in business and in the workforce, contributing to the global economy and stimulating growth. This is the phenomenon often referred to as the "Third Billion."

Yet there is a wide gap between potential and reality. Women's access to boardroom seats is alarmingly slight, even in developed markets, and in many rapid-growth markets, women have few or no rights to own property, little access to education, and stringent social and cultural restrictions against joining the labor force. While notable progress has been made toward gender equality, much more remains to be done to open the playing field for women's equal participation in business, sport, society and the economy.

The new imperative for effective global leadership is about collaborating and seeking diverse perspectives to make better decisions and achieve better outcomes. It's time for us to acknowledge and empower the broadest pool of talent. We invite you to join us as we make this exciting leap forward.

# Women make all the difference in the world

New markets, rapid-growth markets, emerging markets – no matter what you call them, they offer the best growth prospects for businesses after the global downturn of the past few years. But perhaps the biggest and most exciting new market of all is an overlooked one: women.

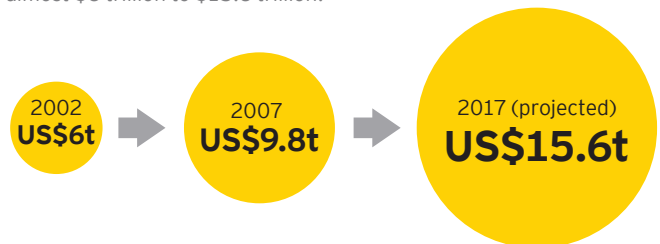
It's not a platitude but a fact. Women are the largest emerging market in the world. Over the next decade, they will wield enormous influence over politics, sport, business and society. In the next five years, the global incomes of women will grow from US\$13 trillion to US\$18 trillion. That incremental US\$5 trillion is almost twice the growth in GDP expected from China and India combined. By the year 2028, women will control close to 75% of discretionary spending worldwide.<sup>1</sup> Women own about a third of all businesses in the world, and nearly half of those businesses are in developing markets.<sup>2</sup>

With the eyes of the world on the 2012 Olympics, it is impossible to ignore the great strides that women have made in sport. For the first time, women athletes from Saudi Arabia are participating in the Olympics, and the US Olympic team has more women delegates than men. Women also make up more than 40% of the total number of athletes at the 2012 Games.

But for all that, the great potential of women has yet to be realized. In both developed and emerging economies, women are vastly underrepresented in leadership roles and in many aspects of business, social and political life. Sport can be an energizing factor in society, yet in many countries, women and girls do not have access to sporting activities and do not play a significant part in sports' ruling bodies.<sup>3</sup>

## Women increasingly at the economic center

Between 2002 and 2007, women's income (globally) increased by nearly \$4 trillion to \$9.8 trillion. By 2017, women's income will jump by almost \$6 trillion to \$15.6 trillion.



Source: Boston Consulting Group.

In business, the picture is just as unbalanced. For example, although the number of female CEOs of Fortune 500 companies has doubled in the last decade, in 2012 it is still only 4% of the total. When the world's industrialized economies are viewed as a group, just 11.1% of board directors are women, and in rapid-growth markets, that number falls to 7.2%.<sup>4</sup> According to the World Economic Forum, "female [corporate] employees tend to be concentrated in entry or middle level positions – that is, the more senior the position, the lower the percentage of women. ... From the sample of the world's largest employers who answered our survey, the average number of women holding the CEO-level position was a little less than 5%.<sup>5</sup>

The missed opportunity is all the more striking in light of the difference that empowered women – and the diverse viewpoints they bring – can make to the world. Closing the gender gap enables both public- and private-sector organizations to stoke measurable economic growth.


1 Boston Consulting Group.

2 IMF, The World Bank Group.

3 Parliamentary Assembly, Council of Europe Report, *Discrimination against women and girls in sport*.

4 GMI Ratings, *GMI Ratings' 2012 Women on Boards Survey* (4,300 companies in 45 countries).


5 World Economic Forum, *The Corporate Gender Gap Report 2010*.



"Sport is one of the best tools for social change because it is a large part of cultures around the world and reaches into every socioeconomic class of society. If laws are put in place, the benefits will be beyond measure. Sport helps develop self-esteem and confidence, improve physical and mental well-being, serve as a medium of communication and empower women to improve themselves and their communities."

**Nawal El Moutawakel**

*1984 Olympic gold medalist*



"According to a survey of executive women, 81% played sports growing up, and 69% said sports helped them to develop leadership skills that contributed to their professional success."

**MassMutual Financial Group and Oppenheimer Funds**

**From the Locker Room to the Boardroom:**

*A Survey on Sports in the Lives of Women Business Executives, 2002*

# One billion times three

Take the concept of the “Third Billion.”<sup>6</sup> The idea is that if China and India each represent roughly one billion emerging participants in the global marketplace, the Third Billion represents women who are entering the mainstream economy for the first time. This notion grew out of Booz & Company’s analysis of International Labor Organization data on women in the global workforce. The Booz report determined that approximately 860 million women worldwide are “not prepared” (lacking sufficient secondary education) and/or “not enabled” (lacking support from families and communities) to take part in the world economy. Most of these women are between the ages of 20 and 65, and nearly 95% live in emerging economies; the rest live in North America, Western Europe and Japan. Counting female births and those under age 20, this number will add up to a billion in the next decade.

This group is a powerful resource for driving global economic growth. The Third Billion will have a multiplier effect, which happens when large population segments are integrated into the global economy, as in the case of China and India. As newly enabled consumers and workers enter the economy, they create new markets and increase the available talent pool. The Booz researchers point out that the multiplier effect of the Third Billion will be much greater than that of previous demographic expansions, since this group of women is widely dispersed across the globe. Furthermore, economically active women tend to have fewer children and therefore more independent lives. According to United Nations data, women invest a larger proportion of their income than men in the education of their children, preparing the latter to make a greater economic impact in the future.

## Untapped potential

Approximately 860 million women – over 25% of all women worldwide – are “not prepared” and/or “not enabled” to take part in the world economy.



Source: Booz & Company.

Yet the women belonging to the Third Billion face formidable legal, social, financial and cultural constraints that prevent their full participation in society. By working together to eliminate these restrictions, governments and businesses stand to benefit from a vital resource that can help spur growth and innovation. Our rapidly changing world is in need of great leaders. Full participation of women in team activities such as sports nurtures the advanced leadership skills that the complex world economy so urgently needs. Propelling women forward can bring powerful positive change to the global economy.

6 Booz & Company, *The Third Billion*, May 2010.

# Harness the power

Today, women account for less than 10% of the 1,011 billionaires in the world, but of the 14 female billionaires whose wealth is self-made, half are from China.<sup>7</sup> The female representation of millionaires is even higher. There are many reasons for the success of female entrepreneurs in China, but chief among these are:

- ▶ A hospitable social and economic environment that encourages women to get an education and start their own companies
- ▶ Business acumen and managerial skills obtained by holding high posts at large state-owned enterprises or in the private sector
- ▶ Relationships and connections established through professional experience that enable women to raise the necessary funds to start their businesses
- ▶ The market regulations of a developing economy, which afford more flexibility

By contrast, in the US, although 46% of privately held firms are now at least half-owned by women (representing almost 16 million jobs), these businesses often have difficulty scaling up. Enterprises owned by men are 3.5 times as likely to reach US\$1 million in annual revenues as businesses owned by women. This is due to multiple factors, including women's difficulty in gaining access to financing, lack of business networks, lower self-confidence and greater family commitments.<sup>8</sup> Similarly, in rapid-growth markets, small and medium-sized enterprises (SMEs) with full or partial female ownership represent between 31% and 38% of formal SMEs. Yet these firms are highly restricted in their growth, accounting for 32% to 39% of very small firms and 7% to 21% of medium-sized companies.<sup>9</sup> Key barriers to expansion include lack of access to finance and non-financial obstacles such as an unfavorable legal environment and inadequate education or training.

Removing these barriers will allow organizations of all kinds to benefit from one of the most underutilized sources of talent. No one can shatter the glass ceiling overnight, but there are several actions that political and business leaders can take to harness women's unique talents and skills to propel the global economy forward.

Sport plays a vital role in laying the foundation for developing women's capabilities. A United Nations report points out that "the participation of women and girls in sport challenges gender stereotypes and discrimination, and can therefore be a vehicle to promote gender equality and the empowerment of women and girls. In particular, women in sport leadership can shape attitudes towards women's capabilities as leaders and decision-makers, especially in traditional male domains."<sup>10</sup> One organization that has taken this to heart is Standard Chartered Bank, which, in partnership with global development charities, created its Goal program in 2006 to empower adolescent girls through sports training and life skills education. Goal currently runs in China, India, Jordan, Nigeria and Zambia and aims to influence the lives of 100,000 young women by 2013.

There are many other ways to effect change by working with private and public sector leaders. Programs to help both women and men advance more equitably in the workplace include paid leave policies, flexible working hours and non-traditional career paths. Some governments have instituted quotas to increase women's participation in leadership positions. Others have generous paternity and maternity leave policies. Private-sector organizations are increasingly offering flexibility and a variety of other options to enable both men and women to achieve professional growth. Ultimately, what it will take to bring about lasting change is commitment from the top – a visible and measurable effort by global business and political leaders to empower women for the advancement of society.

<sup>7</sup> Forbes World Billionaires List, March 2012.

<sup>8</sup> Ernst & Young, *Scaling up: why women-owned businesses can recharge the global economy*, 2010.

<sup>9</sup> International Finance Corporation, *Strengthening access to finance for women-owned SMEs in developing countries*, October 2011.

<sup>10</sup> United Nations, *Women, gender equality and sport*, December 2007.



“The participation of women and girls in sport challenges gender stereotypes and discrimination, and can therefore be a vehicle to promote gender equality and the empowerment of women and girls. In particular, women in sport leadership can shape attitudes towards women’s capabilities as leaders and decision-makers, especially in traditional male domains.”

**United Nations**

Women, gender equality and sport  
December 2007



"I believe that sport is a birthright and I am working to make certain everyone has access to sport. For girls and women, sport provides the opportunity to experience decision-making, teamwork and self-determination. Sport offers a common ground for all people to share history and support one another."

**Anita DeFrantz**

*International Olympic Committee Member and  
Chair of the IOC's Women and Sport Commission*

# EY's commitment

At EY, gender equity is serious business. Our investment in women includes the following major initiatives:

- ▶ Teaming with the World Economic Forum to create the Repository of Successful Practices for Gender Parity, which brings together leaders who have taken successful actions toward gender equality in their organizations, countries and communities
- ▶ Participating in The Third Billion Campaign, a global alliance of corporations, governments, nonprofit organizations, academics, foundations and individuals dedicated to helping to prepare and enable one billion underprivileged women to more fully participate in the global economy by 2025
- ▶ Participating in U.S. Secretary of State Hillary Clinton's International Council on Women's Business Leadership, a State Department initiative bringing together successful businesswomen from around the world to advise the US government on women's global economic empowerment
- ▶ Running the EY Entrepreneurial Winning Women™ program, which identifies and celebrates high-potential female entrepreneurs and provides them with personalized business insights as well as access to strategic networks of established entrepreneurs, advisors and investors (average annual revenue growth for women entrepreneurs since joining the Entrepreneurial Winning Women program: 49%)
- ▶ Supporting the global expansion of WeConnect International, which focuses on helping women entrepreneurs access the global marketplace
- ▶ Sponsoring Endeavor, a not-for-profit organization that works to identify high-growth innovative companies in rapid-growth markets to improve and grow their businesses

We believe that investing in the enormous untapped potential of women is a strategic imperative. Women are not only the largest pool of incoming talent globally – for our organization as well as others worldwide – but they are also our future clients and the biggest economic growth engines of the next decade.

## The numbers speak for themselves

Research shows that women in leadership positions can enhance organizational performance in measurable, quantifiable ways. Consider these key benchmarks:

- ▶ **Organizational excellence:** A study of 101 large corporations showed that companies with three or more women in senior management functions scored higher than companies with no women at the top on nine criteria of organizational excellence, including key factors such as leadership, accountability and innovation.<sup>11</sup>
- ▶ **Profitability:** A study of eight Fortune 100 companies showed that diverse corporate boards correlated with higher profitability. The average return on equity for companies with a highly diverse board was 25%, compared to only 9% for companies with a uniform board.<sup>12</sup> In another study, the 25 Fortune 500 firms with the best record of promoting women to high positions were between 18% and 69% more profitable than the median Fortune 500 firms in their industries.<sup>13</sup>
- ▶ **Financial indicators:** Among Fortune 500 companies, firms with the highest representation of women board directors outperformed those with the least, as measured by return on equity, return on sales and return on invested capital (53%, 42% and 66%, respectively).<sup>14</sup>
- ▶ **Firm quality:** Data on the top 1,500 US firms from 1992 to 2006 shows a strong correlation between firm quality as measured by Tobin's Q (the market value of a company divided by the replacement value of its assets) and female participation in senior management.<sup>15</sup>
- ▶ **Innovation:** A comprehensive study of 1,000 international teams found that innovation correlated positively with an equal gender ratio within work teams and correlated negatively with an unequal ratio.<sup>16</sup>

11 McKinsey & Company.

12 Chicago United.

13 Pepperdine University.

14 Catalyst.

15 Columbia University, University of Maryland.

16 London Business School.

# Closing the

78%

of all bachelor's  
degrees in the US are  
earned by women

The return on equity  
for a diverse corporate  
board, compared to only  
9% for a uniform board

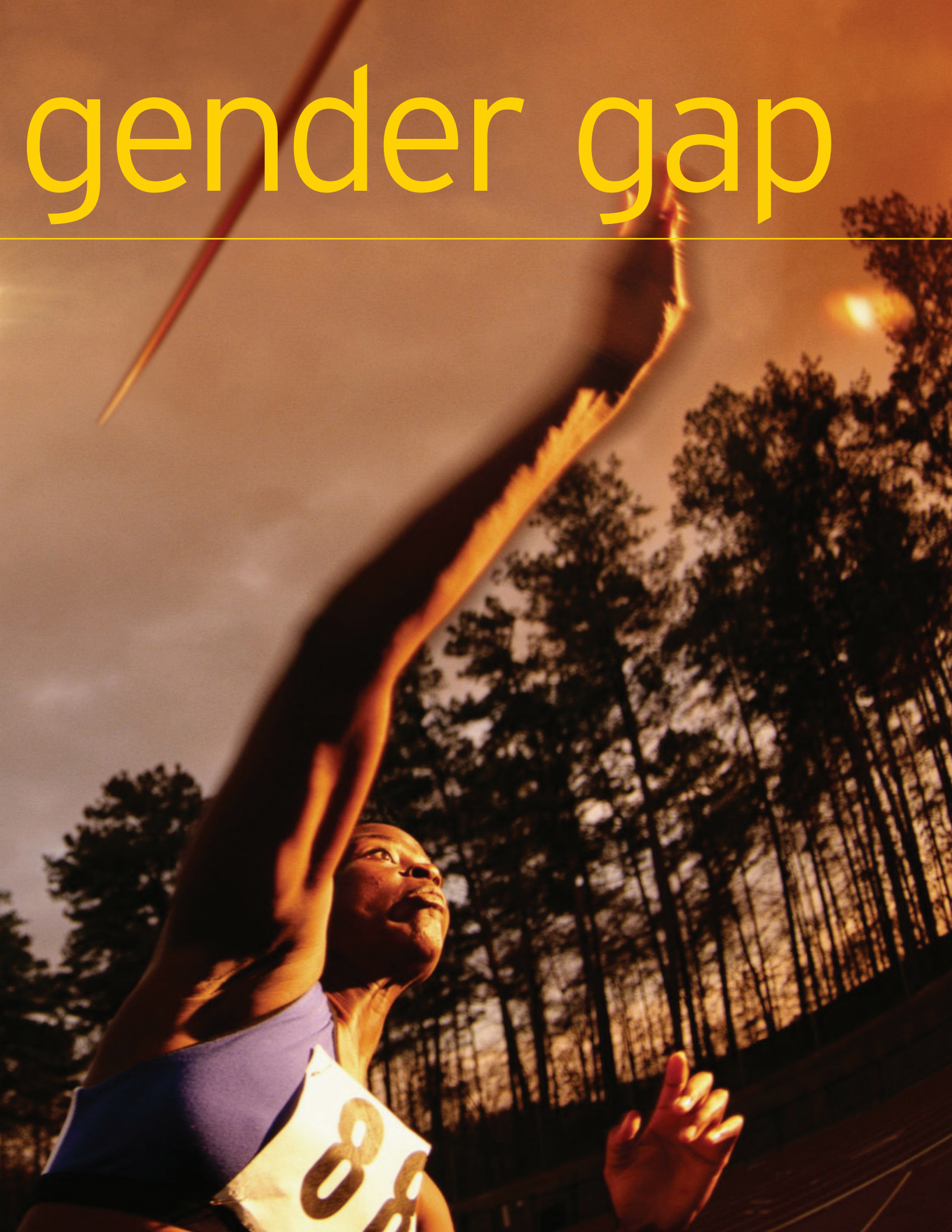
25%

75%

of discretionary spending  
worldwide will be controlled  
by women by the year 2028

The average gap  
in earnings  
between men and  
women worldwide

17%



gender gap

# Gaining a competitive edge

In many parts of the world, women do not have equal access to sports. Yet there is clear evidence that participation on the playing field correlates with sizeable gains off it. For example, according to research by Betsey Stevenson, former Chief Economist at the U.S. Department of Labor, there are large wage gains for those who play high school sports. In a wide-ranging study, she found that women who had been athletes in high school earned more when they entered the workforce. More important, the leadership and teamwork skills learned through sports participation can lead to more women pursuing traditionally “male” occupations. “Athletic participation might be associated with better outcomes in later life either because students who choose athletics have skills that are valued by the market or because athletics fosters the development of such skills,” Stevenson writes. “These attributes may include the ability to communicate, the ability to work well with others, competitiveness, assertiveness, and discipline.”<sup>17</sup>

One of the landmark pieces of legislation in sports is the US’s Title IX, enacted in 1972. Applying civil rights law to education, Title IX, “No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance.” The most visible and the most controversial manifestation of Title IX has been the success of girls and women in sports. Opposition to opening up the field of play for women came from the male-dominated sporting establishment. Those who were not supportive of the law argued that accommodating women in sport would bankrupt athletic departments and that funding sports for women would be a waste of resources. Yet,

four decades after the passage of Title IX, research affirms that providing sport in combination with educational opportunities has reaped huge benefits. For example, women and girls who participate in sports are less likely to take drugs, be overweight, suffer from depression and diabetes, engage in abusive relationships or have unwanted pregnancies. They are more likely to graduate from high school, earn postgraduate degrees and earn more money.

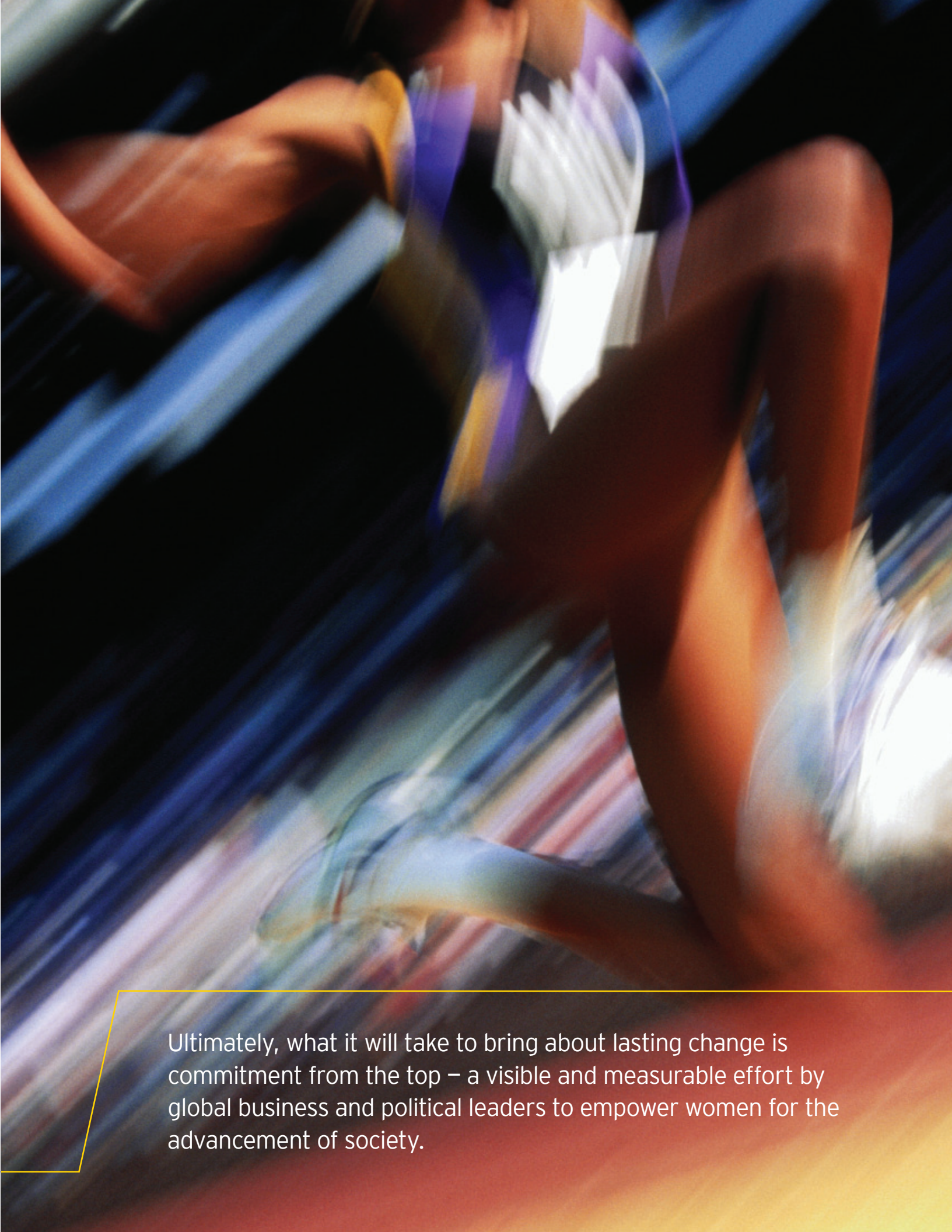
Before Title IX, many schools refused to admit women or enforced strict limits. Since the passage of the law, however, advancements have been notable:

- In 1994, women received 38% of medical degrees, compared with 9% in 1972.
- In 1994, women earned 43% of law degrees, compared with 7% in 1972.
- In 1994, 44% of all doctoral degrees to US citizens went to women, up from 25% in 1977.

Title IX saw many firsts, and there is no question that its beneficiaries, along with trailblazers from other parts of the world, continue to drive gender equity in sports. For example, for the first time in the history of the modern Olympics, all countries competing in the 2012 Games will include women in their respective delegations. For the first time in history, all sports on the Olympic program will offer disciplines to women. And in yet another first, Saudi Arabia’s delegation to the 2012 Games will include women.

Sport provides a gathering place for those seeking common ground. The 2012 Games bring together a unique assembly of people from the disparate worlds of politics, business, media and sport. What they have in common is aspiration, achievement and the drama of the human spirit – and in this unique arena, everyone is equal.

<sup>17</sup> Betsey Stevenson, *Beyond the classroom: using Title IX to measure the return to high-school sports*, Working Paper 2006-44, The Wharton School, University of Pennsylvania, 2006.



Ultimately, what it will take to bring about lasting change is commitment from the top – a visible and measurable effort by global business and political leaders to empower women for the advancement of society.

#### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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## Growing beyond

In these challenging economic times, opportunities still exist for growth. In *Growing Beyond*, we're exploring how companies can best exploit these opportunities – by expanding into new markets, finding new ways to innovate and taking new approaches to talent. You'll gain practical insights into what you need to do to grow. Join the debate at [www.ey.com/growingbeyond](http://www.ey.com/growingbeyond).